

**MINNESOTA TEACHERS RETIREMENT ASSOCIATION  
MINUTES OF THE BOARD OF TRUSTEES MEETING  
MAY 26, 2021  
MEETING HELD VIA WEBEX  
(PURSUANT TO MN STAT. SECTIONS 13D.015 & 13D.021)**

During the meeting Board President Martha Lee Zins was in the TRA office, room 444. Trustees participated remotely as permitted by Minnesota Statutes, section 13D.015.

Trustees: Denise Anderson, Will Baumann, Luke Olson, Noel Raph, Laurena Schlottach-Ratcliff, Joel Stencel, and Mary Supple, all participating remotely via Webex.

TRA Staff: In attendance in the TRA office, room 444 was John Wicklund. In attendance remotely via Webex were David Anderson, Susan Barbieri, Carol Diedrich, Joel Hohenstein, Julie Larson, Kris Lind, Dominic Matern, Tim Maurer, Leslie Nagel, Sonja Parr, Mark Roemhild, and Jay Stoffel.

Legal Representative: Kathy Woodruff participated remotely via Webex.

Others: Attending remotely via Webex were Joan Beaver, Chad Burkitt, Paul Ehrhard, Cyril Espanol, Susan Lenczewski, Kevin Lindstrom, Julie Reno, Rodney Rowe, Mark Schmiesing, Maria Steele, and Wendy Drugge Wuensch.

**1. Called to order at 9:30 a.m.**

Zins called the meeting to order at 9:30 a.m. A statement was read regarding the remote meeting. Roll was taken to establish that a quorum was present.

Stoffel introduced Laurena Schlottach-Ratcliff who will be representing Minnesota Management and Budget on the TRA Board of Trustees.

**2.a. Approval of Minutes of Board Meeting on March 10, 2021**

It was moved by Olson and seconded by Stencel to approve the minutes of the March 10, 2021 meeting. A roll call vote was taken. (Baumann not present for vote). The motion passed unanimously.

**3.a. Performance Increase for Executive Director**

Zins reviewed page 8 in the Board packet pertaining to a performance increase for the Executive Director. She noted that an Executive Director Compensation Policy was revised and adopted by TRA in 2018. The same policy was adopted by the Boards of the Minnesota State Retirement

System (MSRS) and the Public Employee Retirement Association (PERA). At that time the three Boards expressed a desire to have a uniform policy among the retirement plans.

It was moved by Supple and seconded by Zins to grant a performance-based increase consistent with the Minnesota Managerial Plan Compensation Policy. A performance review is on file with the Minnesota Teachers Retirement Association HR office for calendar year 2020. To provide a performance-based increase as defined in the Managerial Plan and consistent with the limits established by the commissioner of Management and Budget, the motion would increase the salary of Jay Stoffel by 2.5% retroactive to January 1, 2021. A roll call vote was taken. (Baumann not present for vote). The motion passed unanimously.

#### **4.a. Board Election Results**

Wicklund reported that Julie Reno and Kevin Lindstrom won the two four-year active member representative seats, Wendy Drugge Wuensch won the two-year active member representative seat, and Martha Lee Zins won the four-year retiree representative seat. Their terms on the TRA Board all begin on July 1, 2021.

Wicklund reviewed election background and the process that was used for the 2021 Board election. Wicklund noted that the active member race had a turnout of 5.2 percent, slightly lower than the 2019 active member election. The retired member race had a turnout of 28.3 percent, an increase from the 20 percent rate in the 2017 election. Wicklund described a few minor ballot irregularities that occurred which affected less than 1% of all ballots. Wicklund reviewed the certification letter Stoffel received from Election-America, Inc.

It was moved by Olson and seconded by Supple that the TRA Board of Trustees certifies the results of the 2021 election as presented in the certification letter from Election-America, Inc., dated April 28, 2021. A roll call vote was taken. (Baumann was present for vote.) The motion passed unanimously.

#### **4.b. Actuarial Consulting Services**

Stoffel noted that the current contract covering actuarial services is expiring June 30, 2021. He reviewed the process followed to solicit proposals for the actuarial consulting services. The actuarial contract committee comprised of trustees and staff met virtually on February 16, 2021 to review the needs of the Association and review a draft of the request for proposal (RFP). Stoffel reported that five qualified actuarial firms, Athena Actuarial Consulting, Cavanaugh Macdonald Consulting, Cheiron Inc, Gabriel, Roeder, Smith & Company and Segal Company submitted proposals. The actuarial contract committee met virtually on April 20, 2021 to open the sealed price bids contained in the proposals and to score the proposals. After discussion

Cavanaugh Macdonald received an overall score that was higher than all other proposals that were received.

It was moved by Stencil and seconded by Supple that the TRA Board of Trustees should accept the proposal from Cavanaugh Macdonald Consulting to provide actuarial consulting services to TRA for the three-year period beginning July 1, 2021 and should authorize staff to negotiate and execute a contract for such services under the terms outlined in the RFP and included in the proposal received from Cavanaugh Macdonald Consulting. A roll call vote was taken. The motion passed unanimously by the Board.

#### **4.c. Fiscal Year 2022 Administrative Budget**

Stoffel and Wicklund presented the fiscal year 2022 administrative budget, with a description of expenditure categories. Staff proposed a revenue budget for FY2022 of \$897,552,000 and an operating expense budget of \$2,060,750,000 to cover benefit payments and administrative expenses. A more detailed itemization of budgeted expenses followed: \$2,020,000,000 for annuities and benefits, \$20,000,000 for refunds, \$2,082,000 for SBI investment expenses and \$18,668,000 for administrative costs.

It was moved by Olson and seconded by Denise Anderson to approve the fiscal year 2022 revenue budget of \$897,552,000 and the fiscal year 2022 operating expense budget of \$2,060,750,000. A roll call vote was taken. The motion passed unanimously.

#### **4.d. Facilities Management Committee Report**

Wicklund reviewed topics discussed at the FMC meeting on April 29, 2021. Wicklund reported the FMC approved the FY2022 revenue and operating expense budgets: income from leases and parking fees \$463,768, expenses for the building \$2,073,308. Projects for the year include remodeling of the current restrooms on the first floor into 7 gender-neutral individual restrooms, audio/visual upgrades to rooms 106 and 117, and parking ramp security camera updates. Ownership share of the building allocated to TRA is 36.0 percent. Olson and Zins added comments.

Building occupancy is 100%. Office leases with the Secretary of State (SOS) and State Board of Investment (SBI) are expiring December 31, 2021. SOS is not expected to renew their lease. SBI is expected to relocate to the first-floor space currently occupied by SOS. MSRS is expected to take over the space on third-floor currently occupied by SBI.

#### **5.a. Legislative Update**

Stoffel noted that the Legislature adjourned on May 17, 2021. The Legislative Commission on Pensions and Retirement (LCPR) held six hearings during the session and passed an omnibus pension bill containing almost nothing related to TRA. The only provision related to TRA is a

requirement that draft pension legislation be delivered to the LCPR by November 1 each year. The LCPR has authority to allow exceptions to this rule. The LCPR also moved submission of the cost of living adjustment study report that was prepared by LCPR staff. Finally, he noted that the State Government Finance bill containing appropriations needed by TRA for the next two years was not passed by the last day so a bill must be taken up in the special session currently scheduled for June 14, 2021.

#### **6.a. Report from Executive Director**

Stoffel updated the Board about the hiring of the next chief finance officer. The job was posted three times and six candidates were interviewed for the position. A second interview of one candidate is scheduled.

#### **6.b. Report from President**

Zins congratulated and welcomed the newly elected Board members.

#### **6.c. Financial Update**

Wicklund reviewed the fiscal year 2021 investment return and inflation analysis report.

#### **6.d. Operational Update**

Maurer reviewed the March, April and May issues of the Inside TRAck. He reported that we continue to work on our office reopening plan.

#### **6.e. Assistant Attorney General Update**

Woodruff noted that there is nothing to report at this time.

### **7. Public Comments**

Kevin Lindstrom – Said that he looks forward to getting to know and work with the Board. He also made some introductory remarks.

Wendy Drugge Wuensch – Greeted the Board and made some introductory remarks.

Joan Beaver (EDMN Retired) – Congratulations to the newly elected Board members and particularly to the re-election of retired representative Marti Zins who has served TRA so well for many years. She noted that retired member numbers are now getting closer to half of the total membership of TRA and recommended that a second retiree seat be added to the Board, fully understanding that this requires legislative action.

Beaver also said that EDMN Retired was one of the interest groups that expressed concern about some of the wording in the LCPR COLA study report and appreciated an amendment that changed some of the language regarding the purpose of a COLA. Overall the COLA study

shows the extensive sacrifice made by retired members in 2018 as the pension bill was passed to stabilize the fund. Her organization is hoping that the legislature looks closely at that study in the future and that some action will be taken.

Beaver also thanked John Wicklund for his understandable reports to the Board and welcomed John to the world of retirement and wished him a happy retirement.

Paul Ehrhard (REAM) – Congratulated Marti Zins on her election and John Wicklund on his retirement. He noted that REAM has been preparing for our annual meeting which will be held on September 20<sup>th</sup> and 21<sup>st</sup> at Chase on the Lake Resort in Walker, and they hope to have a presentation by TRA staff.

He reported that REAM was very active in the COLA study process. REAM had many discussions on the huge inequities that contributed to the 2018 omnibus pension bill.

#### **8. Dates of Future Meetings**

President Zins announced the dates of upcoming board and audit meetings.

#### **9. Adjourn**

The meeting adjourned at 12:12 p.m. with a motion by Stencel, seconded by Baumann. A roll call vote was taken. The motion passed unanimously by the Board.

Attest:

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J. Michael Stoffel  
Executive Director

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Martha Lee Zins  
President